

# **Exhibit 11**

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FT Series FT Investigation: Trump and the Russian-born fixer

**Felix Sater**

## Russia-born dealmaker linked to Trump assists laundering probe

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Felix Sater, who worked on Trump SoHo, turns against Kazakh former business partners

7 HOURS AGO by: Tom Burgis in London

Donald Trump faces renewed scrutiny of the riches that flowed into his real estate empire from the former Soviet Union after a fixer for a Kazakh family accused of pumping dirty money into US property agreed to assist an international investigation into his former business partners.

Russian-born dealmaker linked to Trump assists laundering probe

Felix Sater, a Russian-born dealmaker with organised-crime connections who worked on property ventures [including Trump Soho in Manhattan](#), has attracted attention in recent months as efforts continue to chart the links between the US president's circle and moneymen from Russia and its neighbours.

In October the Financial Times revealed Mr Sater had [helped the family of Viktor Khrapunov](#), a former Kazakh minister now exiled in Switzerland, invest millions in US real estate through front companies. The Khrapunovs have spent heavily across the US, including, records indicate, buying apartments in Trump Soho.

Mr Khrapunov is accused by Kazakhstan's rulers of embezzling government funds and hiding the cash around the world. Kazakh authorities claim the Khrapunovs' laundering schemes also funnelled money from a fellow dissident, Mukhtar Ablyazov, an oligarch accused of stealing billions of dollars from a bank.

Mr Sater has now agreed to co-operate with an international investigation into the alleged money-laundering network, five people with knowledge of the matter said. The co-operation has included working with a team of lawyers and private investigators pursuing civil cases across three continents, the people said. Mr Sater declined to comment.

In Kazakhstan as in other former Soviet states, Mr Trump's sprawling business interests threaten to impinge on the president as he manages American foreign policy commitments in the region.

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**Felix Sater**



**Occupation** *Real estate dealmaker, pictured right, who worked with Donald Trump*

**Kazakh connection** *Helped Khrapunov family move millions of dollars into US real estate*

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Both of the Kazakh dissidents under investigation say they are the victims of a political vendetta orchestrated by Nursultan Nazarbayev, Kazakhstan's strongman president, and conducted through a host of western lawyers, propagandists and spies-for-hire under a pretext of alleged financial crime.

The alleged Kazakh launderers, not the US president or Mr Sater, are the main focus of the investigation, said Matthew Schwartz of Boies Schiller Flexner, a US law firm working on the probe.

However, the eight-year investigation has already offered a rare glimpse of the inner workings of a US real estate market that US Treasury Department officials warn is [awash with dirty money](#). It has raised questions about what steps Mr Trump has taken to check whether tainted funds are coursing through his properties.

Mr Trump's Kazakh connection also adds to the emerging picture of the president's enigmatic relationship with the former Soviet Union. Questions about that relationship have dominated the early months of his presidency as [multiple investigations](#) examine claims his campaign colluded with Russian attempts to manipulate the 2016 presidential election.

It is unclear how much money has flowed from the alleged Kazakh laundering scheme to Mr Trump. Title deeds and banking records show that in April 2013 shell companies controlled by the Khrapunovs spent \$3.1m buying three luxury apartments in Trump Soho from a holding company in which Mr Trump held a stake.

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### Mukhtar Ablyazov



© AFP

**Occupation** *Oligarch and opposition politician, pictured centre*  
**Kazakh connection** *Says accusations that he stole billions of dollars are political*

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When the FT revealed these deals last year, Alan Garten, a lawyer for Mr Trump's business, said he had "no doubt" that "every legal



requirement” had been fulfilled in respect of checking the provenance of the money for the transactions. Mr Garten did not respond to a further request for comment.

But the relationships that link Mr Trump’s opaque business interests to the alleged laundering scheme go back much further — and run chiefly through Mr Sater.

Mr Sater’s Wall Street career began in the 1990s as a stockbroker. After a stint in prison for stabbing another broker in the face with the broken stem of a margarita glass, he became involved in a mob-related money-laundering and stock-fraud scheme.

He avoided more jail time by co-operating with prosecutors and using his contacts in Russian organised crime to help US intelligence retrieve some missing missiles from Afghanistan.

At the turn of the millennium, Mr Sater launched himself into real estate — just as one of the New York property scene’s storied families was falling on hard times.

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### **Viktor Khrapunov**



**Occupation** *Exiled former government minister accused of embezzlement*

**Kazakh connection** *Son Ilyas Khrapunov is said to have moved money for his family and father-in-law, Mukhtar Ablyazov. The Khrapunovs say they are being persecuted*

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Mr Trump had inherited a real estate empire from his father, Fred. By the early noughties, it had suffered several bankruptcies. On television, by contrast, he was becoming an increasingly successful entertainment figure through the 2004 programme *The Apprentice*.

In the years that followed, a new business model emerged: Mr Trump would license his name to buildings that others would construct. And a new source of income was also helping to replace the dried-up credit lines from wary banks: the vast wealth accumulated by the nascent capitalists of the former Soviet Union.

The developer that helped turn both the licensing idea and the inflows from ex-Soviet states into reality was a group called Bayrock, based on the 24th floor of Trump Tower. Bayrock was founded by Tefvik Arif, a businessman of Kazakh origin, who worked in the Soviet administration before coming to the US, where he teamed up with Mr Sater.

Bayrock and Mr Trump made plans for hotel towers branded with the Trump name in New York, Florida and Arizona. In 2005 Mr Trump signed a letter giving Bayrock exclusive rights to “create the finest and most luxurious experience in Russia” in the form of a Trump Tower in Moscow.

#### From the archives

Trump and the Kazakh connection

Mr Sater visited the Russian capital with Mr Trump’s daughter Ivanka and son Donald Jr, and entered

FT probe finds evidence a Trump venture has links to alleged laundering network



negotiations with Russian businessmen to secure a site for the tower, which he said in a subsequent deposition could have been “a mega-financial home run”.

Bayrock’s Moscow idea came to nothing, but money from

the former Soviet Union did start to flow into Trump ventures in copious quantities. “Russians make up a pretty disproportionate cross-section of a lot of our assets,” Donald Trump Jr [told a real estate conference in 2008](#), adding: “We see a lot of money pouring in from Russia.”

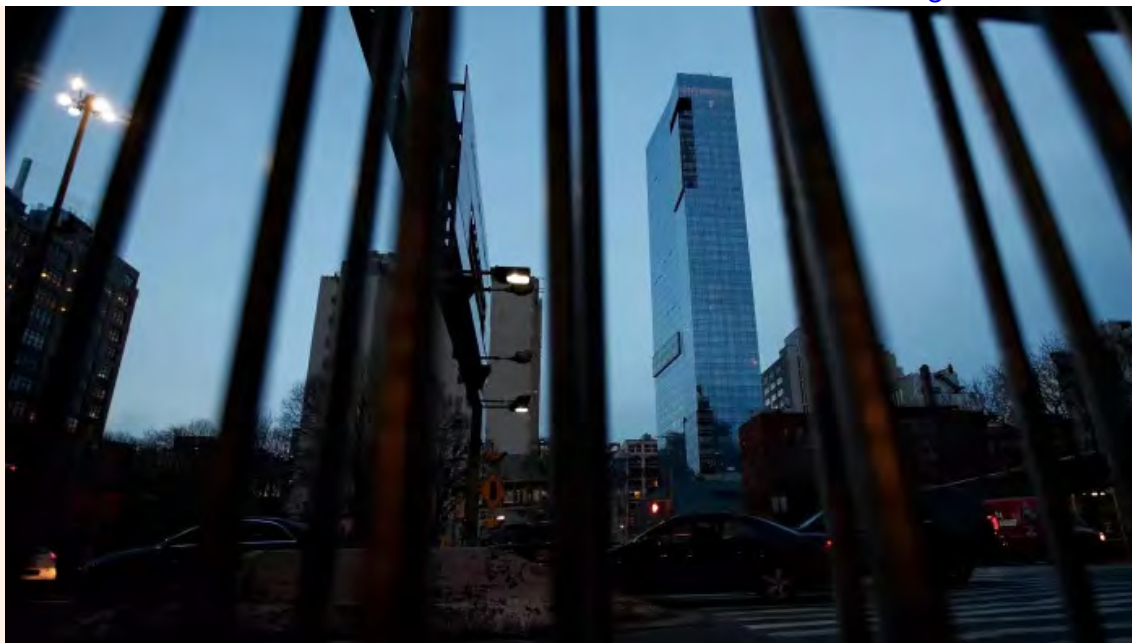
It kept flowing. A Reuters [tally](#) published in March found that 63 Russians, some with political connections, had spent \$100m buying property at seven Trump-branded luxury towers in Florida.

Money from the former Soviet Union also arrived through Mr Sater and Bayrock, whose flagship development with Mr Trump was the 46-storey Trump Soho, a glistening hotel-condominium building in Manhattan.

In court proceedings, Mr Trump said that he had “never really understood who owned Bayrock”. Jody Kriss, a former Bayrock finance director, has claimed in racketeering lawsuits filed against Bayrock that the company’s backers included “hidden interests in Russia and Kazakhstan”.

The source of Bayrock’s funding for Trump Soho and other collaborations with Mr Trump is unclear.





The Trump Soho building in Manhattan © Getty

There are signs Bayrock's finances may feature in the [recently-constituted special prosecutor's investigation](#) the US justice department has ordered into Russian interference in the 2016 presidential election.

Robert Mueller, the former FBI chief running the investigation, recently hired Andrew Weissmann, an experienced fraud prosecutor to work on the probe. Mr Weissmann, then an assistant US attorney in New York, signed Mr Sater's 1998 plea deal. Other reported hires have expertise in tracking illicit money flows from the former Soviet Union.

Others are also seeking to solve the Bayrock riddle — including numerous investigators on Kazakh payrolls.

At the same time as it was working with Mr Trump, Bayrock embarked on several business projects linked to the Khrapunovs, business records show, including a Swiss hotel venture. Bayrock has declined to comment on its dealings with the Kazakhs and with Mr Trump.

Mr Sater left Bayrock in 2008 but maintained his relationship both with Mr Trump and with the Khrapunovs.

**From the archives**

## Trump's Russian riddle

The Republican became the face of Bayrock, a developer with roots in the Soviet Union



He spent part of 2010 back at Trump Tower trying — and, according to the tycoon's lawyer, failing — to drum up deals. He has been quoted saying he had been working with a Russian developer on a fresh plan to build a Trump Tower in Moscow as recently as 2015. And after Mr Trump entered the White House, Mr Sater helped to [deliver](#) a blueprint drawn up by a

Ukrainian lawmaker to end the war between Kiev and Russian-backed separatists in the eastern Donbass region.

Meanwhile, Mr Sater helped members of the Khrapunov family secure visas to the US and acquire properties there, according to leaked correspondence and legal filings outlining the real estate deals. He worked mainly with Ilyas Khrapunov, the son of Viktor Khrapunov. Ilyas Khrapunov is married to Mr Ablyazov's daughter and investigators believe that he has been a key manager of his father-in-law's incognito fortune as well as his own family's.

The relationship between the Khrapunovs and Mr Sater soured in 2013 over how to divide the proceeds of a \$43m property transaction in Ohio. A lawsuit over the dispute was settled out of court. Investigators working for Kazakhstan made contact with Mr Sater following the Ohio rift.

Given his colourful past, some on the team pursuing the Khrapunovs are wary of Mr Sater. "To the extent that he is on anyone's side, he's probably on our side," said one lawyer involved in the investigation.

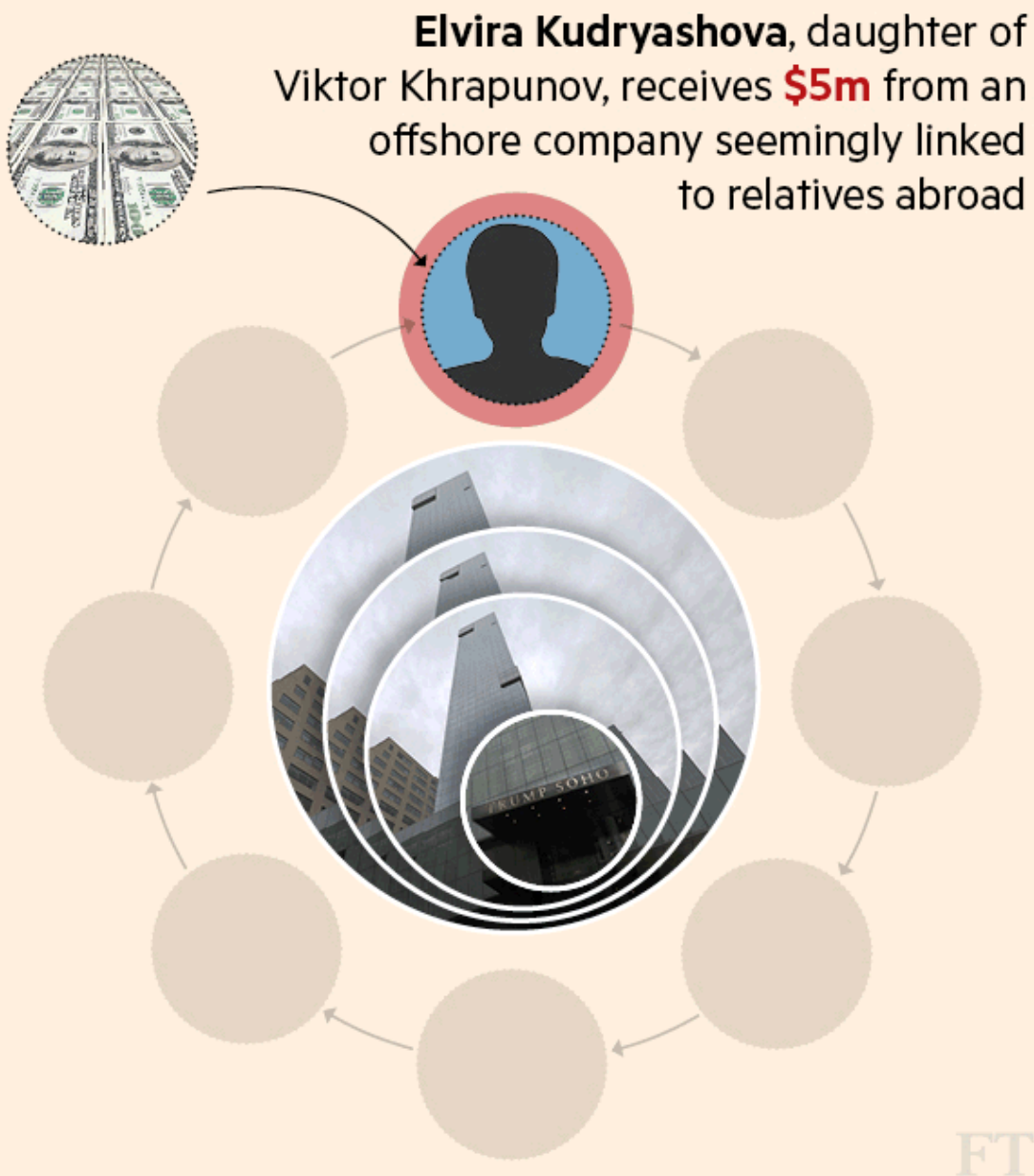
Nonetheless, Mr Sater is being paid handsomely for his assistance, people with knowledge of the arrangement said.

One person involved in the investigation said the FBI had taken an interest in whether the case involved potential money-laundering offences in the US.

The Khrapunovs and Mr Ablyazov insist their fortunes were earned honestly and that they have been forced to employ financial subterfuge to avoid politically motivated expropriation. They say the Nazarbayev regime is using western legal systems as a vehicle to target its enemies, mainly through lawsuits brought by the municipality and the bank that the Kazakhs are respectively accused of looting.

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Ilyas Khrapunov told the FT: “Many people have been intimidated, coerced, and otherwise incentivised to turn against me and my family. It is sad but it is a reality of life when you are dealing with a regime as corrupt as Kazakhstan.”

At least four associates of the dissident Kazakhs have switched sides. Among the investigators that have been in contact with Mr Sater are

those from Arcanum Global, a Washington-based private intelligence agency whose board boasts several former members of US, British and Israeli security services.

Just as he has tried to play down his history of involvement with Russia, Mr Trump has sought to portray Mr Sater as a distant acquaintance. Testifying in 2013, he said: “If he were sitting in the room right now, I really wouldn’t know what he looked like.”

Mr Sater is said to regard the relationship rather differently. One person involved in the investigation, who has spoken with him, said: “Felix brags about Trump all the time.”

*Additional reporting by Kara Scannell in New York*

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## Dirty money: Trump and the Kazakh connection



### ABOUT THIS SERIES

Felix Sater is a Russian-born dealmaker with organised-crime connections who worked on US property ventures that licensed Donald Trump’s name, including Trump Soho in Manhattan. As controversy swirls around Mr Trump’s ties to Russia, the FT has investigated Mr Sater and Bayrock — the company he once worked for, which



operated out of an office in Trump Tower on Fifth Avenue — and their ties to the US president

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